

# Synovate Customer Experience Case Study

## Microsoft Aligns Operational Metrics with Loyalty Strategy



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Customer Experience

# Microsoft Aligns Operational Metrics with Loyalty Strategy

## Challenge:

Microsoft Corporation conducts an annual customer satisfaction and loyalty survey. Based on the results, managers are asked to set goals and action plans to improve customer ratings. There was a key missing link in this process however: a clear line of sight connecting daily actions to improving the annual loyalty metric. To close this gap between operational decisions and the loyalty strategy, Microsoft needed to accomplish several important goals: (1) establish in managers' minds the impact their day-to-day decisions could have on customer ratings, (2) provide more timely performance metrics, and (3) help managers to make appropriate proactive decisions in response to customer-feedback data and competitive trends.

## Response:

In Microsoft's EMEA region (Europe, Middle East, Africa), managers recognized the need to link the annual customer-research measurement with operating metrics. This would enable Microsoft to integrate frontline operating tactics with the customer loyalty strategy. In addition to the linkage work, managers also envisioned an electronic "dashboard" that would communicate performance on the linked measures consistently with up-to-date data. EMEA's Customer & Partner Experience group selected Synovate Customer Experience as its consulting partner to help tackle the challenge.

## Outcomes:

After consulting with operating managers, Synovate Customer Experience uncovered a set of operating metrics that could be statistically correlated to customer satisfaction and loyalty. This set of leading indicators now allows Microsoft to predict strategic improvements through tactical actions. Synovate CE then worked with Microsoft to embed these critical measures into the reporting and decision-making processes at the country level. A key tool in this embedment process was an electronic dashboard, accessible on Microsoft managers' personal computers, that links the strategic customer research with the day-to-day operational metrics.

## Step One: Involving Managers in the Process

The success of this undertaking depended on gaining and maintaining the participation and buy-in of executives and operating managers. To engage management, Synovate Customer Experience worked with Microsoft EMEA to implement a broad governance structure to oversee the project, consisting of an executive sponsor, a Steering Committee, design team, and pilot working team. Over the course of the 15-month engagement, members of the governance structure stayed involved at set checkpoints to keep the project in line with organizational developments, ensure that the

project stay focused on identified needs, and maintain the project's momentum.

In order to involve the managers who would be using the solution, Synovate Customer Experience consultants conducted brainstorming sessions with Microsoft managers in several pilot countries in Europe to create an initial list of metrics that might influence customer satisfaction and loyalty. The managers were asked to supply metrics they use already as well as those they intuitively felt might improve customer measures. They provided 65 possible metrics. Synovate CE's on-site consulting staff helped

identify the potential barriers and enablers to the subsequent deployment of these metrics.

### Step Two: Narrowing the Metrics Using Statistical Analysis

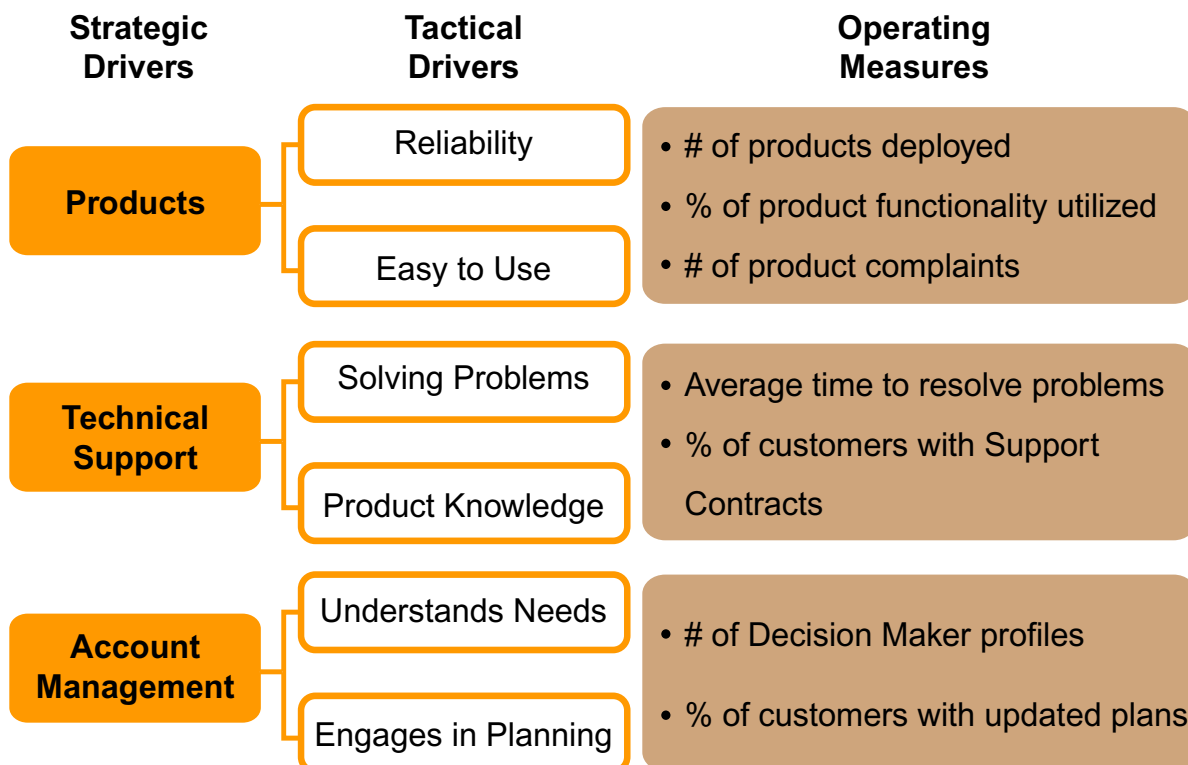
Using the managers' list of potential metrics as a starting point, Synovate CE analysts screened them first by asking a series of questions: Was there a logical link between the metric and customer loyalty? Would managers actually use the metric? Are the data readily available to support their reliable calculation?

This initial screening resulted in a shorter list of 28 metrics that were validated by Microsoft managers. At an earlier point in the project, Synovate CE created a "loyalty driver framework" from the existing customer satisfaction data using an advanced form of statistical analysis called structural equation modeling. The 28 metrics were then slotted against the customer touchpoints that the statistical analysis revealed as priority drivers of customer loyalty.

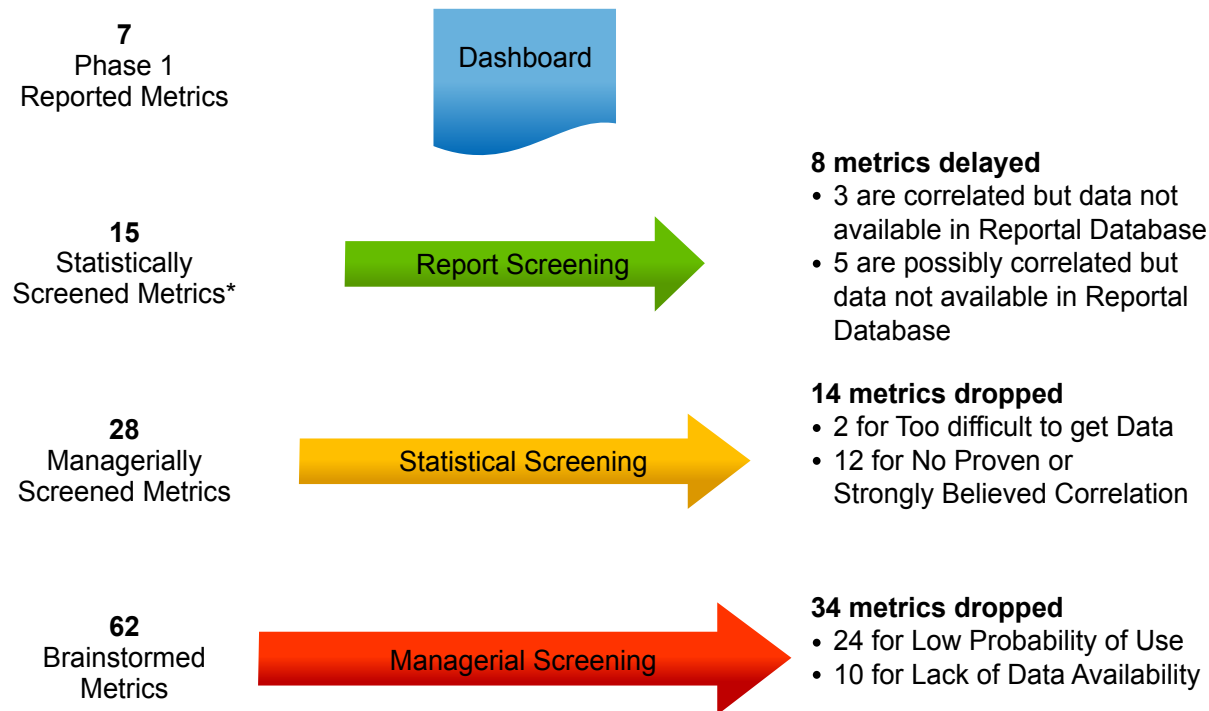
Knowing where the metrics fell in the touchpoint hierarchy was one step in the screening process. The next step was to determine, statistically, whether each metric was a leading indicator of customer loyalty. To do this, Synovate Customer Experience used the metrics as a bridge to compare loyalty of customers as reported in the annual loyalty survey to sales and operational data about them in Microsoft's information systems. Fifteen of the 28 measures were found to have strong relationships. One of these relationships, for example, is that loyal customers tend to have newer versions of Microsoft products. The statistical correlation process was critical in gaining the acceptance of Microsoft's technologically savvy, numbers-driven managers. Microsoft now had a set of operating metrics that could reliably predict customer loyalty.

Using practicality as a screening criterion was the final step in narrowing the list of 15 correlated metrics down to the final workable group. Microsoft has a complex infrastructure of data systems. Seven of the

### Phase I: Customer Dashboard for Reporting



## Screening Process



metrics could be readily reported using current systems, while data for the other eight had not been linked into Microsoft's central systems. Microsoft decided to move ahead with the seven usable metrics and later incorporate a longer list when the additional data became available.

### Step Three: Deploying the Dashboard

The final step was to make these customer metrics available on managers' desktops. For this part of the project, Synovate CE worked with EMEA's IT group to implement Microsoft's "Business Scorecard Manager" dashboard. In order to legitimize the project for managers, Synovate CE documented the process behind the project in a "dashboard-in-a-box" and then trained trainers within Microsoft who took the new tool out to country level managers. These working sessions went beyond explaining and demonstrating the dashboard; they also focused on integrating the dashboard into the regular management reporting and decision-making processes in each country. In addition, as the metrics are cascaded from operational plans into plans for specific people, these individual goals are being tied into the performance management process

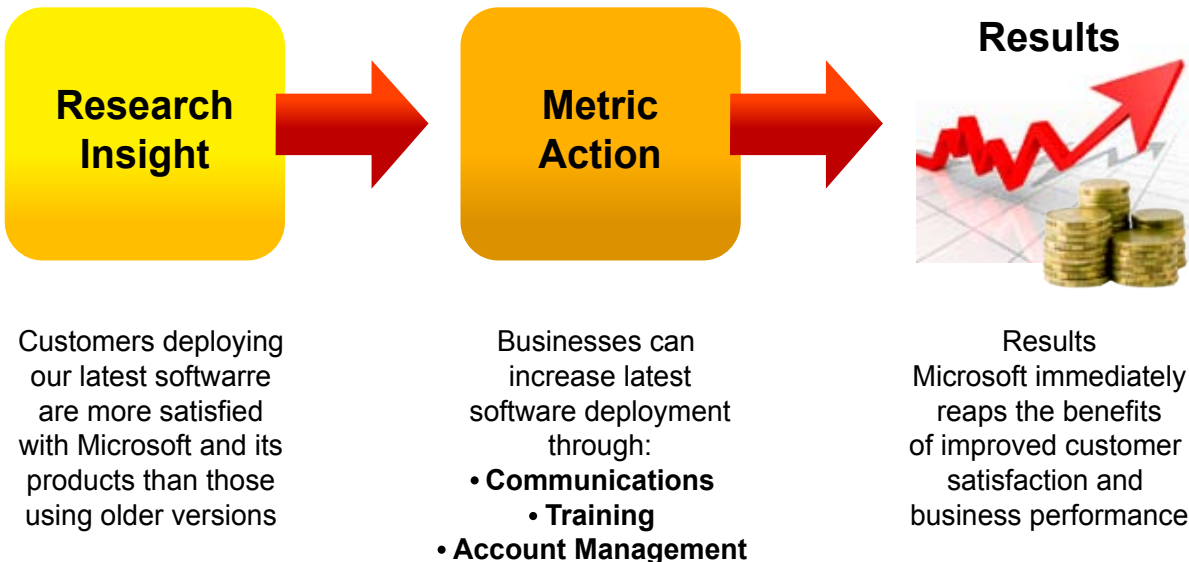
that is linked to Microsoft's reward system.

### Success in Closing the Strategy-Operations Gap

Microsoft's EMEA region was confronting a common problem in business: how to link actions at the operational level to a corporate strategy, such as customer loyalty. This alignment project with Synovate CE closed this gap. Managers now have a tool that has been validated managerially and scientifically, that guides them in their decisions to better serve their customers. The alignment between operational and customer metrics has removed the uncertainty from managers' minds about how to improve customer loyalty. With this fact-based insight, managers in the trenches clearly see the connection between their operational tactics and improvements in the customers' experience.

The project's success can in large part be attributed to combining organizational consulting skills with the expertise of loyalty research and statistical analysis. Since Microsoft managers were involved in the process from the beginning, they accepted the final list of metrics, seeing

## Using Metrics to Improve Loyalty and Business Performance



them as legitimately linked to their day-to-day decision making. In addition, the knowledge that Synovate Customer Experience consultants gathered from field managers enabled IT staff to create a tool that would integrate seamlessly with Microsoft's management processes at the country level. Henrik Schouboe, Microsoft's leader on this project, commented, "Synovate CE's consulting work was critical, both in winnowing the metrics down to a workable list and in facilitating sessions with managers, which contributed to field managers' buy-in."

**Synovate Customer Experience** is the global research and consulting thought leader in helping organizations achieve their business goals through the creation of passionately loyal customers. Synovate CE designs and executes research programs to help clients develop and implement a customer experience strategy and drive CE management and loyalty into all business practices and processes. To ensure success, Synovate CE also establishes monitoring programs and tools to keep loyalty and customer experience strategies on track. **More information on Synovate Customer Experience can be found at [www.synovate.com/ce](http://www.synovate.com/ce).**

For ongoing access to Synovate Customer Experience's expertise and insights, **subscribe to *The Loyal Treatment* at [www.synovate.com/ce/tlt](http://www.synovate.com/ce/tlt).**

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